

1. General

The Authority will, in certain instances approve requests for formal assumption of existing FHA or Conventional mortgage loans. Assumptions are not available for existing VA or RD loans. The Authority reserves the right to request payment in full of MSHDA 2nd mortgages. Informal assumption of existing mortgage loans is not available with respect to Authority loans.

2. Purpose

The purpose of this policy is to outline conditions under which mortgages financed by Mortgage Revenue Bonds (MRB) may be assumed; procedures to be followed to effect an assumption; and qualifications of the assumptor(s).

3. Definitions

For purposes of this policy, the following definitions are applicable:

- (a) MRB Financed Mortgage - a mortgage financed by tax-exempt bonds issued by the Authority.
- (b) Mortgagor(s) – The person or persons whose name(s) appear on the note, which secures the mortgage.
- (c) Assumptor(s) – The person or persons who are assuming the mortgage.

4. Assumption Criteria

The Authority will consider assumption requests under the following conditions:

- (a) Loan is either FHA or Conventional
- (b) Loss of or lengthy disruption of income resulting in an inability to meet mortgage payments.
- (c) Inability of the mortgagor to continue to occupy the property due to employment transfer or other valid reason,
- (d) Inability of the mortgagor, after a good faith effort, to successfully sell the property.
- (e) In all instances, assumptions will be considered for the purpose of alleviating demonstrated economic hardship and not for the convenience of the mortgagor(s).
- (f) Sale of property to a new buyer who qualifies for a formal assumption of the loan.

NOTE: However, in all cases the determination as to whether an assumption shall be approved shall be at the sole discretion of the Authority. The Authority may elect to approve an assumption based upon conditions other than those outlined in this section if it determines that such approval is in the best interest of the Authority.

5. **Procedure**

Mortgagors who are contemplating disposing of their property by assumption must seek approval, in writing, from the Authority, prior to initiating such action. Such prior approval will preclude unnecessary expense incurred as a result of processing a request for an assumption that may ultimately be disallowed. Mortgagors must contact the Authority's Sub-Servicer, Dovenmuehle Mortgage Inc, to initiate this action.

6. **Qualifications for Assumption of Loans**

In all cases, the prospective assumptor(s) must meet the same criteria as would be required of a participant in the MRB program ongoing at the time of the assumption. These include:

- (a) Income limits
- (b) Appropriate housing/debt ratios
- (c) First time home buyer where applicable
- (d) Satisfactory credit rating
- (e) Satisfactory record of employment

Assumptors must agree to all requirements pertaining to the mortgage they are assuming, as well as, all additional Authority requirements in effect as of the date of the assumption. If there is no ongoing MRB program at the time of assumption, qualification will be determined at the sole discretion of the Authority.

7. **Mortgage Insurance**

The following criteria apply to loans covered by a primary mortgage insurance policy, loan insurance or loan guarantee.

- (a) Private Mortgage Insurance –
 - ◆ Assumptor(s) must have approval from the Private Mortgage Insurer (PMI) currently insuring the loan.
 - ◆ If there is currently mortgage insurance coverage on the existing loan, the same mortgage insurance coverage including premium structure will remain in place and transfer to the assumptor.
 - ◆ If the outstanding principal balance represents 80% or less of the sales price and loan presently has MI coverage, the MI cannot be dropped. The loan must transfer with the current MI coverage and premium.
 - ◆ DMI must submit the assumptor's credit package for approval back to the same MI company.
- (b) Veterans Administration (VA) – Loans are **not** assumable
- (c) Federal Housing Administration (FHA) –
 - ◆ Assumptor(s) must have approval from the FHA.
 - ◆ The MIP requirements in effect at the time the original loan was approved/funded are the same MIP requirements for the assumption.
 - ◆ The upfront MIP and/or the annual MIP currently in place on the existing FHA loan will remain in place and transfer to the new borrower.
 - ◆ No new MIP calculations or netting will occur
- (d) Rural Development (RD) – Loan are **not** assumable

8. Release of Liability

The original mortgagor may be released of liability for all loan types except those guaranteed by Rural Development (RD) and the Veterans Administration (VA), which are not assumable.

9. Removal of Spouse from Note Liability

For MRB Financed Mortgage loans, the Authority will permit a mortgagor to be released from liability on the note if the mortgagor and a co-mortgagor were married at the time the note was entered into, the mortgagor and co-mortgagor are divorced, the mortgagor has been out of the house for at least twelve months, and the co-mortgagor has made the last twelve payments without a delinquency.

In order to be released from liability, the mortgagor will need to present a judgment of divorce in addition to meeting the criteria referenced above in #6 *Qualifications for Assumption of Loans*. The judgment of divorce should indicate that the co-mortgagor retains the house, and that the mortgagor no longer has any interest in it. The mortgagor may, however, have a lien on the property to ensure payment of any monetary award that the judgment gives to the mortgagor. The date of the judgment should be at least twelve months prior to the date of the proposed release of liability. **DMI** should check their records to ensure that the past twelve payments have been timely made.

If all of the requirements are met and the co-mortgagor is approved for a formal assumption, then the mortgagor can be released from liability.

10. Recapture

The Recapture Tax Provision applies to the original mortgagor and then begins again with the nine-year ownership period for the assumptor. Therefore, **DMI** must ensure that a fully completed “Recapture Notification” (SFH 125) and “Recapture Requirement” (SFH126) is executed by the assumptors at closing and retained in the servicing file.

11. Written Approval

All assumptions will require written approval be provided to the current mortgagor(s) by the Authority, or their designated agent, prior to closing. All loans assumed will be processed and approved by the Authority or designated agent. All assumed mortgages must have mortgage insurance or FHA insurance, as applicable.

Loan Assumption Procedures and Guidelines

1. Fee Schedule

A. FHA Fees

- ◆ The maximum charges with seller release is \$500
- ◆ The maximum charges with no-seller release is \$125
- a. If assumptor's credit is rejected and HUD's consent to release from liability is denied, the entire processing fees may be retained by MSHDA or designated agent.
- b. If assumptor's credit is approved but the closing of the sale does not occur for reasons beyond the control of the assumptor, MSHDA (or designated agent) is to refund ½ of the collected fee.
- c. Fees collected to obtain credit report and verifications are not refundable.

B. Conventional Fees

- ◆ The maximum allowable processing fee is 1% of the outstanding principal balance. This fee is not collected if the assumption is not approved or if the seller or assumptor withdraws the application. In cases involving a divorce, MSHDA charges \$125 to process the loan application package.

C. VA Loans – Loans are **not assumable**

D. Rural Development – Loans are **not assumable**

2. Guidelines for Release of Liability

A. Conventional loans/Tax-exempt bond

For assumptions of loans financed by the proceeds of tax-exempt bonds, the following conditions must be met:

- ◆ Maximum gross income requirement
- ◆ Principal residence requirement
- ◆ Assumptor(s) must meet MSHDA's current underwriting requirements
- ◆ Assumptor(s) must meet the three-year prior homeownership requirement
- ◆ Assumptor(s) must meet sales price and acquisition cost limits
- ◆ Assumptor(s) is required to purchase private mortgage insurance if LTV exceeds 80.00%.

B. FHA

For assumptions of FHA loans, the following conditions must be met:

- ◆ Maximum gross income requirement
- ◆ Principal residence requirement
- ◆ Assumptor(s) must meet MSHDA's current underwriting requirements
- ◆ Assumptor(s) must meet the three-year homeownership requirement
- ◆ Assumptor(s) must meet sales price and acquisition cost limits
- ◆ FHA Mortgage Insurance must be transferred to new Assumptor(s)

In addition, all applicable FHA underwriting requirements, if any, must be met.

C. VA – Loans are **not** assumable

D. Rural Development – Loans are **not** assumable

3. Application Package for Assumptions

Once DMI has contacted MSHDA and received authorization to proceed with a formal assumption request, the following documentation must be obtained (or prepared) by DMI:

FHA LOANS ONLY:

A. FHA -Assumption Package:

- ◆ Mortgage Loan Data Summary Sheet (SFH 117) indicating “Assumption”
- ◆ Evidence loan is current
- ◆ Copy of Good Faith Estimate delivered to Assumptor
- ◆ Copy of Initial Truth in Lending delivered to Assumptor
- ◆ Verification of Rent, if applicable
- ◆ Lead Based Paint Disclosure signed by Assumptor(s) and Mortgagor(s)
- ◆ Equal Credit Opportunity Act Notice
- ◆ Certification Regarding Debarment
- ◆ FHA – Evidence each borrower was screened through CAIVRS
- ◆ Insurance/Guaranty Certificate. Copy of FHA 92900 (Mortgage Credit Analysis Worksheet fully completed, except for DE Underwriter signature).
- ◆ Loan Application (Fannie Mae 1003). Signed by all Assumptors. The two-page FHA/VA addendum (HUD-92900) must be included.
- ◆ Satisfactory evidence of Social Security number issued to Applicant (Social Security card, W-2, pay stub, etc.) and Driver’s License.
- ◆ Notice to Buyers - FHA Notice to Buyers – SFH 123-A.
- ◆ Credit Report(s) – merged 3 company file
- ◆ Child Support Verification – Statement from Friend of the Court OR Child Support Statement (SFH 132).
- ◆ Verification of Income:
 - (a) Verification of Employment (FHA 2004-G, or Fannie Mae 1005), or
 - (b) If self-employed, last two years’ complete federal tax returns and a current profit and loss (income and expense) statement prepared by an accountant, or
 - (c) Alternative documentation will be accepted under the following conditions.

If **all** of the items listed below cannot be obtained, then standard employment documentation (VOE) must be used.

- 1) Telephone verification including, but not limited to date of hire; current position; date of telephone verification; and name, title and phone number of person verifying employment. The person verifying information must execute the statement.
- 2) Pay stubs covering the most recent 30-day period which reflect the assumptor’s name, Social Security number, hourly rate of pay, year-to-date earnings, and number of hours worked per pay period.
- 3) Certified copies of the last two years’ W-2s which include the assumptor’s name, Social Security number, company name and total compensation.
NOTE: If property is located in a non-targeted area, copies of signed federal tax returns for the last three years ARE required.
- 4) For active or reserve military or civil service assumptor, if a Verification of Employment (VOE) cannot be obtained, MSHDA will accept the assumptor’s last two Leave and Earnings Statements (LES) and their previous year’s W-2 form in lieu of the VOE. **NOTE:** If the property is located in a non-targeted area, copies of signed federal tax returns for the last three years ARE required.

- 5) Signed copy of Form IRS 4506 *Request for Copy of Tax Form*, Form IRS 8821, or a document that is appropriate for obtaining tax returns directly from the IRS.
- ◆ Verification of Assets – Required to Close
 - (a) Verification(s) of Deposit (FHA 2004-F or FNMA 1006), or
 - (b) Assumptor's bank statements covering the most recent three-month period.
The two most recent consecutive bank statements will satisfy this requirement providing the statement shows the previous month's balance.
 - (c) Gift Letter(s)
 - (d) Cash Contributions from the mortgagor to the assumptor in order to facilitate an assumption are not acceptable. The existing mortgage balance must be reduced by the amount of the contribution.
 - (e) Mortgagor may pay the assumptor's normal closing costs with no reduction to the mortgage amount.
 - (f) Secondary financing is acceptable. However, the repayment terms must be clearly defined and included in the underwriting analysis. Maximum combined LTV cannot exceed the purchase price.
- ◆ Purchase Agreement/Sales Contract
- ◆ Informational Certification (SFH 105)
- ◆ Application Affidavit (SFH 106)
- ◆ Signed Federal Tax Returns for the last 3 years for all Non-Targeted areas
- ◆ Certified True Copy Statement, if applicable
- ◆ Additional pertinent exhibits as may be necessary to explain any unusual circumstance of the case

NOTE: All documents may be no more than 120 days old at the time of loan closing.

B. Loan to Value:

- ◆ Assumptor may assume existing loans with outstanding principal balances up to 100% of the sales price

C. FHA Loan Limitations:

- ◆ Generally FHA will not insure more than one FHA owner occupied mortgage per borrower. This holds true for assumptions as well even though the MIC has already been issued. If the assumptor(s) is assuming an FHA loan and owns another property with an existing FHA loan, (not originally purchased as investment property), this is acceptable provided the transaction meets one of the four (4) listed exceptions in the 4155.1 Rev-4 Chg 1, Section 1-2.

D. Face to Face Interview:

- ◆ Not required.

E. Name Deletes:

- ◆ FHA has a process for allowing one or more mortgagor(s) to be released from liability on the existing loan as long as the remaining mortgagor(s) qualify for the mortgage per standard FHA & MSHDA qualifying criteria. A full qualifying package is required.

CONVENTIONAL LOANS ONLY:

A. Conventional - Assumption Package:

- ◆ Mortgage Loan Data Summary Sheet (SFH 117) indicating “Assumption”
- ◆ Evidence loan is current
- ◆ Copy of Good Faith Estimate delivered to Assumptor
- ◆ Copy of Initial Truth in Lending delivered to Assumptor
- ◆ Verification of Rent, if applicable
- ◆ Lead Based Paint Disclosure signed by Assumptor(s) and Mortgagor(s)
- ◆ Equal Credit Opportunity Act Notice
- ◆ Certification Regarding Debarment
- ◆ Insurance/Guaranty Certificate. Copy of private mortgage insurance commitment
- ◆ Loan Application (Fannie Mae 1003). Signed by all assumptors.
- ◆ Satisfactory evidence of Social Security number issued to assumptor (Social Security card, W-2, pay stub, etc.) and Driver’s License.
- ◆ Credit Report(s) – merged 3 company file
- ◆ Child Support Verification – Statement from Friend of the Court OR Child Support Statement (SFH 132).
- ◆ Verification of Income:
 - (a) Verification of Employment (Fannie Mae 1005), or
 - (b) If self-employed, last two years’ complete federal tax returns and a current profit and loss (income and expense) statement prepared by an accountant, or
 - (c) Alternative documentation will be accepted under the following conditions.

If **all** of the items listed below cannot be obtained, then standard employment documentation (VOE) must be used.

- 1) Telephone verification including, but not limited to date of hire; current position; date of telephone verification; and name, title and phone number of person verifying employment. The person verifying information must execute the statement.
 - 2) Pay stubs covering the most recent 30-day period which reflect the assumptor’s name, Social Security number, hourly rate of pay, year-to-date earnings, and number of hours worked per pay period.
 - 3) Certified copies of the last two years’ W-2s which include the assumptor’s name, Social Security number, company name and total compensation.
NOTE: If property is located in a non-targeted area, copies of signed federal tax returns for the last three years ARE required.
 - 4) For active or reserve military or civil service assumptor, if a Verification of Employment (VOE) cannot be obtained, MSHDA will accept the assumptor’s last two Leave and Earnings Statements (LES) and their previous year’s W-2 form in lieu of the VOE. **NOTE:** If the property is located in a non-targeted area, copies of signed federal tax returns for the last three years ARE required.
 - 5) Signed copy of Form IRS 4506 *Request for Copy of Tax Form*, Form IRS 8821, or a document that is appropriate for obtaining tax returns directly from the IRS.
- ◆ Verification of Assets – Required to Close
 - (a) Verification(s) of Deposit (FNMA 1006), or
 - (b) Assumptor’s bank statements covering the most recent three-month period.
The two most recent consecutive bank statements will satisfy this requirement providing the statement shows the previous month’s balance.
 - (c) Gift Letter(s)

- (d) Cash Contributions from the mortgagor to the assumptor in order to facilitate an assumption are not acceptable. The existing mortgage balance must be reduced by the amount of the contribution.
 - (e) Mortgagor may pay the assumptor's normal closing costs with no reduction to the mortgage amount.
 - (f) Secondary financing is acceptable. However, the repayment terms must be clearly defined and included in the underwriting analysis. Maximum combined LTV cannot exceed the purchase price.
- ◆ Purchase Agreement/Sales Contract
 - ◆ Informational Certification (SFH 105)
 - ◆ Application Affidavit (SFH 106)
 - ◆ Signed Federal Tax Returns for the last 3 years for all Non-Targeted areas
 - ◆ Fannie Mae 1008 – Transmittal Summary
 - ◆ Certified True Copy Statement, if applicable
 - ◆ Additional pertinent exhibits as may be necessary to explain any unusual circumstance of the case

NOTE: All documents may be no more than 120 days old at the time of loan closing.

B. Face to Face Interview:

- ◆ Not required.

C. Name Deletes:

- ◆ One or more mortgagor can be released from liability on the existing loan as long as the remaining mortgagor(s) meet MSHDA guidelines and fully qualify on their own for the mortgage. A fully processed qualifying package is required.

4. **Review by MSHDA Additional Requirements**

Upon receipt of all documentation necessary to complete an application package for an assumption, **MSHDA** will determine whether the applicable requirements referenced above for assumption of the loan have been met and will advise **DMI** of such determination in writing.

- ◆ If the assumption is approved, **DMI** will proceed with requirements for closing
- ◆ If the assumption is denied, **DMI** will send a declination letter to the assumptor.

5. Assumption Closing Requirements

DMI will obtain information and/or documentation to complete the assumption process. Such requirements may include but are not limited to:

- (a) The submission of satisfactory evidence of hazard insurance coverage on the property
- (b) Approval of the deed transferring ownership
- (c) Satisfactory evidence of mortgage insurance or mortgage guaranty
- (d) Submission of an escrow transfer letter.
- (e) In addition, DMI will prepare or collect the following documentation and provide a copy to the Loan Purchase Section of the MSHDA Office of Single Family:
 - ◆ Title Insurance commitment naming Assumptor(s)
 - ◆ Settlement Statement (HUD I) – fully executed by the Assumptor(s) and mortgagor(s)
 - ◆ Closing Affidavit (SFH 107) signed by mortgagor(s)
 - ◆ Informational Reporting Affidavit (SFH 147) signed by the Assumptor(s)
 - ◆ Recapture Notification (SFH 125) signed by the Assumptor(s)
 - ◆ Recapture Requirement (SFH 126) signed by the Assumptor(s)
 - ◆ Final Truth-in-Lending Disclosure Statement signed by the Assumptor(s)
 - ◆ Executed Assumption Agreement and Release of Liability
 - ◆ FHA Loans – Copy of FHA Mortgage Record Change
 - ◆ FHA Loans - *Request for Credit Approval of Substitute Mortgagor* – HUD-92210
 - ◆ FHA Loans – *Approval of Purchaser and Release of Seller* – HUD-92210.1
 - ◆ Other Disclosures as may be required by RESPA

**SAMPLE MSHDA DOCUMENTS
APPLICATION & CLOSING**

**INFORMATIONAL CERTIFICATION
SFH 105**

Michigan Department of Labor and Economic Growth
Michigan State Housing Development Authority
Single Family
P.O. Box 30044
Lansing, MI 48909

INFORMATIONAL CERTIFICATION
(Prepared At Time of Initial Request for Information)
(Submitted With Loan Application)

The Michigan State Housing Development Authority (MSHDA) is a public lending agency of the State of Michigan. _____ (Lender) participates in the Single Family Program conducted by MSHDA. If a below-market interest, single family mortgage loan is made to you, Lender intends to sell the loan to MSHDA. The Single Family Program conducted by MSHDA purchases below-market interest, single family mortgage loans for permanent financing of homes for low and moderate income households in Michigan. The Single Family Program offers financing for newly constructed homes and previously occupied existing homes. These Single Family loans reflect a lower interest rate because they are funded by the proceeds of tax-exempt bonds. Federal law imposes a number of requirements upon recipients of mortgage loans financed with tax-exempt bonds. State law and MSHDA's rules impose additional requirements on recipients of these loans.

To ensure that all MSHDA and Lender requirements are met so that these bonds are and will continue to be tax-exempt and to assure that you are aware of the consequences of making false or misleading statement, you will be asked to complete a number of affidavits. Two examples of these affidavits are attached.

In order to assist you in completing these affidavits, MSHDA wants you to be fully aware of the various program requirements. The following restrictive requirements must be met by all applicants:

- (1) Only homes which have not been previously occupied are eligible under the program for newly constructed homes.
- (2) If you apply, you will be required to certify as to your family income to determine that your income is within the MSHDA income limit.
- (3) If you had an ownership interest in your principal residence within the last three years, you are not eligible for this program, unless the home you are attempting to purchase is located in certain designated areas. If you apply, you will be required to certify as to the location and type of your residence during the last three years. In addition, if you cannot verify this by submitting signed federal income tax returns for the preceding three years, then you will be required to submit certified copies of federal income tax returns for the preceding years to verify your residence for the past three years.
- (4) You will be required to certify that you intend to occupy the house for which you are applying for a loan as your principal place of residence within sixty (60) days of the mortgage loan closing. The proceeds of the loan cannot be used to finance the cost of additional land or the expenses of a trade or business. If you apply for a loan for a newly constructed home, the proceeds of the loan cannot be used to replace an existing mortgage or land contract, unless the existing mortgage or land contract is for a: (a) construction period loan, or (b) bridge loan or similar temporary initial financing with a fixed term of 24 months or less. If you apply for a loan for a previously occupied existing home, the proceeds of the loan cannot be used to replace your existing mortgage or your existing land contract.
- (5) The maximum sales price of the house you are intending to buy under this program is restricted by law, and you will be required to certify as to the sales price of the house. There is a sales price limit in your area for newly constructed homes and a different sales price limit for existing homes.

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Initials of Applicant(s)

Before proceeding with an application for a loan in this program, you should also be aware that if you do qualify for and receive a below market interest, single family loan from Lender, it is very likely that the loan will have to be paid in full at the time you sell or in any way transfer your ownership interest in your house. This does

not mean that you will not be able to sell your home, just that the new purchaser(s) may have to obtain other financing. This is because federal government and MSHDA place severe restrictions on the sale or transfer of property with a loan in this program, including restricting:

- (1) an assumption,
- (2) a sale by land contract,
- (3) wrap around financing, and
- (4) leasing of the property.

These restrictions have been established so as to ensure that only households which need assistance in purchasing a home benefit from the lower rates made available with tax-exempt financing. In order to have a new buyer(s) who will be permitted to purchase your home without paying off MSHDA's mortgage loan in full, the following requirements are applicable:

- (1) The new buyer(s) may be required to meet income requirements,
- (2) The new buyer(s) may be required to meet requirements relating to no prior homeownership interest,
- (3) There will be a maximum sales price which will be allowed when you sell your home which may be less than market value, and
- (4) The new buyer(s) will have to intend to live in the home as a principal residence within sixty (60) days of closing.

In the event that you receive a mortgage loan and if you made a false pretense, false statement, misrepresentation or a material misstatement, you may have to make an immediate and full repayment of the mortgage loan and you may also be subject to criminal prosecution.

I(We), hereby authorize Lender and/or MSHDA, its agents, successors and/or assigns, to perform a preliminary evaluation of my(our) qualification for a mortgage loan, and for this purpose, to obtain a consumer credit report and verify other credit information.

I(We) certify that I(we) have read and understand the above and that I(we) have been provided a copy of this certification along with the two (2) attachments. Notwithstanding the above restrictions, I(we) wish to proceed with the application process.

Date: _____

Signature of Applicant(s): _____

**APPLICATION AFFIDAVIT
SFH 106**

Michigan Department of Labor and Economic Growth
Michigan State Housing Development Authority
Single Family
P.O. Box 30044
Lansing, MI 48909

**THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS LEGAL AFFIDAVIT;
READ IT CAREFULLY BEFORE SIGNING.**

APPLICATION AFFIDAVIT
(Submitted with Loan Application)

STATE OF MICHIGAN }
COUNTY OF } SS.

I(We) the undersigned, being first duly sworn, state the following:

Income Certification

I(We) hereby certify that any source of income not reported under Gross Monthly Income on my(our) Loan Application (FHA 2900, VA 1802a, FNMA 1003) is listed on this certificate and represents all of the current sources of income for individuals, except minors, who will be living in the single family dwelling which I(we) are attempting to purchase. (For example, if you did not include on your loan application income such as child support payments received, periodic payments, public assistance payments, payments in place of earnings or undisbursed profits from a business you own in whole or in part, include them here. Check with your loan processor if you have any doubt about reporting your income.) I(We) have no other sources of income whatsoever.

Amount of Income Not Reported on Loan Application	Source
_____ Dollars per month	_____
_____ Dollars per month	_____
_____ Dollars per month	_____

Prior Homeownership Interest and Residency Certifications (Delete for Homes in Targeted Area)

I(We) understand that I(we) am(are) not eligible for a single family loan from the Lender, under this program, if I(we) individually or together had an ownership interest in a principal residence within three years from _____ (date of application). I(We) also understand that I(we) cannot have an ownership interest in a principal residence between the date of application and closing. For this purpose, a principal residence includes a single family residence, condominium, share in a housing cooperative, a mobile home permanently affixed to real property, or occupancy in a multifamily residence owned by me(us). For this purpose, an ownership interest means ownership by any means, whether outright or partial, including property subject to a mortgage or other security interest. An ownership interest also means a fee simple ownership interest, a joint ownership interest by joint tenancy, tenancy in common, or tenancy by the entirety, an ownership interest in trust, a life estate interest, and purchase by land contract. I(We) certify that I(we) have listed below all places of residence, whether owned or not, for a three year period prior to _____ (date of application).

Ending Address of Residence	State Whether Residence Was Owned, Rented or Other*	Beginning and Date of Residency
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

*All answers of "Other" must be fully explained; use additional paper if necessary.

Name, address and phone number of the owner or landlord who can verify each residence listed above which was not owned by the applicant(s):

Name	Address	Phone Number
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Purchase Price, Occupancy Certification, Use of the Loan Proceeds, Recapture Tax, and Purchase of Bonds

I(We) certify that the total purchase price of the house and land as a completed residence, including all construction items, all commissions, all builder's fees, hook-up and tap-in fees, permits, architectural fees, all site improvements, discount points paid by the seller, work credit, subcontracted items, or construction loan interest, but excluding any closing costs and permanent financing charges, is not greater than \$ _____. I(We) certify that no side deal or agreement, either verbal or written, is presently contemplated for the completion of or the addition to this residence unless the estimated cost of the completion and/or addition is included in the purchase price. I(We) agree that for purpose of this affidavit the purchase price of the land is deemed to be the appraised value of the land if the land has been received as a gift or obtained more than two years before this date.

I(We) certify that the above-referenced house will be occupied and used as my(our) principal place of residence within sixty (60) days of the mortgage loan closing. I(We) certify that as long as any part of my(our) MSHDA loan is outstanding, the above-referenced house will not be sold or leased without the prior written approval of MSHDA. I(We) certify that the above-referenced house will not be used as an investment property or recreational home.

If the loan application is for a loan on a newly constructed house, I(we) certify that the above referenced house has not and will not be occupied prior to loan commitment.

If the land financed by the mortgage loan is subject to minimum zoning requirement, I(we) certify that the land is not large enough to legally build two or more houses. If the land financed by the mortgage loan is subject to a minimum lot size of more than 1/2 acre, but less than 1 1/2 acres, I(we) certify that the land is no more than 1 1/2 acre. If the land financed by the mortgage loan is subject to a minimum lot size of 1 1/2 acres or more, I(we) certify that the size of the land is no more than the minimum lot size. If the land financed by the mortgage loan is not subject to a minimum lot size, I(we) certify that the land is not in excess of 1 1/2 acres.

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Initials of Applicant(s)

I(We) certify that not more than 15% of the area of the above-referenced house will be used in a trade or business. If the above-referenced house is a newly constructed home, I(we) certify that the loan proceeds will not be used to replace an existing mortgage or land contract unless the existing mortgage or land contract is for a: (1)

construction period loan, or (2) a bridge loan or similar temporary initial financing of 24 months or less. If the above-referenced house is a previously occupied existing home, I(we) certify that the proceeds of the loan will not be used to replace my(our) existing mortgage or my(our) existing land contract.

I(We) certify that I(we) have received and read a copy of the "Explanation of Recapture Requirement", explaining the possibility of my(our) being responsible for paying recapture tax if I(we) purchase a house financed through MSHDA, and sell the house within nine (9) years of purchase. I(We) certify that neither I(we), nor a related person, as defined in Section 143 of the Internal Revenue Code of 1986, as amended, have purchased, or will purchase, any MSHDA Bonds, pursuant to any arrangement, formal or informal in an amount related to my(our) mortgage loan.

False Statements and Criminal Penalties

In the event that I(we) receive a mortgage loan, I(we) hereby acknowledge that any false pretense, false statement, misrepresentation or material misstatement made by me(us) creates a legal and binding obligation for me(us) to make full repayment of the mortgage loan, and the lender can foreclose the mortgage to enforce the obligation. In addition, I(we) acknowledge that if any person, with an intent to defraud or cheat, designedly by false pretense, including any false statement or misrepresentation, obtains money, real or personal property, or the use of any instrument, facility, article or other valuable thing or service pursuant to my(our) participation in any Michigan State Housing Development Authority program, shall be guilty of a crime. Such person may be guilty of either a misdemeanor or a felony, punishable by imprisonment for not more than 10 years or a fine or both, all as set forth in Section 47 of Act No. 346 of the Public Acts of 1966, as amended (MCL 125.1447).

Dated: _____

Signature of Applicant(s): _____

Subscribed and sworn to before me this day of

Notary Public in and for the
County of
State of Michigan
My Commission Expires:

**CLOSING AFFIDAVIT
SFH 107**

Michigan Department of Labor and Economic Growth
Michigan State Housing Development Authority
Single Family
P.O. Box30044
Lansing, MI 48909

**THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS LEGAL AFFIDAVIT;
READ IT CAREFULLY BEFORE SIGNING.**

**CLOSING AFFIDAVIT
(Submitted With Loan Closing)**

STATE OF MICHIGAN }
COUNTY OF } **ss.**

I (We) the undersigned, being first duly sworn, state the following:

General Requirements, Occupancy Certification, Sale or Lease

I (We) hereby acknowledge that the loan that I (we) receive from (“Lender”) to permanently finance the house located at is pursuant to a program operated by the Michigan State Housing Development Authority (“MSHDA”) to assist low and moderate income households. I (We) hereby acknowledge that there are several conditions that must be met to obtain this loan, including but not limited to income restrictions, purchase price restrictions, prior homeownership restrictions, restrictions which apply at the time the property is sold, and occupancy requirements.

In consideration for my (our) loan, I (we) understand and agree that as long as the loan with Lender is not paid in full, the above-referenced house cannot be sold or leased without the prior written approval of Lender. I (We) understand and agree that I (we) shall occupy and use the above-referenced house as my (our) principal place of residence within sixty (60) days of this date and shall not, without the approval of Lender, lease the house, sell the house by means of a land contract, assumption, wrap-around financing, or any other means so long as any part of my (our) loan with Lender is outstanding. I (We) acknowledge and understand that it is unlikely that the Lender will be able to approve of the sale or lease. I (We) acknowledge and understand that it is unlikely that a prospective buyer will meet the income restrictions, purchase price restrictions, prior homeownership restrictions, credit requirements, occupancy requirements and other requirements or restrictions which are applicable and, therefore, if I (we) do wish to sell our house at a later date, new financing will likely be necessary so that the mortgage loan from Lender may be repaid in full.

Purchase Price

I (We) certify that the total purchase price of the house and land as a completed residence, including all construction items, all commissions, all builder’s fees, hook-up and tap-in fees, permits, architectural fees, all site improvements, discount points paid by the seller, work credit, subcontracted items, or construction loan interest, but excluding any closing costs and permanent financing charges, is \$ _____. I (We) certify that no side deal or agreement, either verbal or written, is presently contemplated for the completion of this residence unless the estimated cost of this completion is included in the purchase price. I (We) agree that for the purposes of this affidavit the purchase price of the land is the appraised value of the land if the land has been received as a gift or obtained more than two years before this date. I (We) have been informed that the maximum purchase price allowed by law for the subject house and land together is \$ _____

Use of the Loan Proceeds

I (We) certify that the proceeds of this loan are being used to finance the purchase of a home which will be my (our) principal residence within sixty (60) days of this date. This home will not be used as an investment property or recreational home.

If the land financed by the mortgage loan is subject to a minimum zoning requirement, I (we) certify that the land is not large enough to legally build two or more houses. If the land financed by the mortgage loan is subject to a minimum lot size of more than ½ acre, but less than 1½ acres, I (we) certify that the land is no more than 1½ acres. If the land financed by the mortgage loan is subject to a minimum lot size of 1½ acres or more, I (we) certify that the size of the land is not more than the minimum lot size. If the land financed by the mortgage loan is not subject to a minimum lot size, I (we) certify that the land is not in excess of 1½ acres.

I (We) certify that the loan proceeds will not be used in a trade or business. I (We) certify that not more than 15% of the area of the above-referenced house will be used in a trade or business. If the above-referenced house is a newly constructed home, I (we) certify that the loan proceeds cannot be used to replace an existing mortgage or land contract unless the existing mortgage or land contract is for a: (1) construction loan, or (2) bridge loan or similar temporary initial financing of 24 months or less. If the above-referenced house is a previously occupied existing home, I (we) certify that the proceeds of the loan will not be used to replace my (our) existing mortgage or my (our) existing land contract.

Prior Homeownership Interest

I (We) certify that I (we) have not had an ownership interest in a principal residence within the past three years as of this date. More specifically, I (we) have not occupied as a principal residence and owned a single family home, a multifamily home, a mobile home permanently affixed to real property, a condominium, or a unit in a housing cooperative within the preceding three years. For these purposes, owned means ownership by any means, whether outright or partial, including property subject to a mortgage or other security interest. Owned also means fee simple ownership interest, joint ownership by means of a joint tenancy, tenancy in common, or tenancy by the entirety, and ownership interest in trust, a life estate interest, and purchase by land contract.

Inspections

I (We) understand that any inspection conducted by or on behalf of the Lender or MSHDA is solely for the benefit of MSHDA and does not warrant or guarantee the quality or condition of any labor or materials in the above-referenced house. I (We) have examined the above-referenced house and my (our) acceptance is not made in reliance on any Lender or MSHDA inspection.

FALSE STATEMENTS AND CRIMINAL PENALTIES

I (we) acknowledge that any false pretense, false statement, misrepresentation or material misstatement made by me (us) creates a legal and binding obligation for me (us) to make full repayment of the mortgage loan, and the lender can foreclose the mortgage to enforce the obligation. In addition, I (we) acknowledge that if any person, with an intent to defraud or cheat, designedly by false pretense, including any false statement or misrepresentation, obtains money, real or personal property, or the use of any instrument, facility, article or other valuable thing or service pursuant to my (our) participation in any Michigan State Housing Development Authority program, shall be guilty of a crime. Such person may be guilty of either a misdemeanor or a felony, punishable by imprisonment for not more than 10 years or a fine or both, all as set forth in Section 47 of Act No. 346 of the Public Acts of 1966, as amended (MCL 125.1447).

Dated: _____ Signature of Borrower(s): _____

Subscribed and sworn to before me this _____ day of _____

Notary Public in and for the
County of _____
State of Michigan
My Commission Expires: _____

STATE OF MICHIGAN }
COUNTY OF } ss.

I (We) the undersigned, being first duly sworn, state the following:

Purchase Price

I (We) certify that the total purchase price of the above-referenced house and land as a completed residence, including all construction items, all commissions, all builder’s fees, hook-up and tap-in fees, permits, architectural fees, all Site improvements, discount points paid by the seller, work credit, subcontracted items, or construction loan interest, but excluding any closing costs and permanent financing charges, is \$. I (We) certify that no side deal or agreement, either verbal or written, is presently contemplated for the completion of this residence unless the estimated cost of the completion is included in the purchase price. For purposes of this certification, I (we) understand that the purchase price of the land is deemed to be the appraised value of the land if the land has been received as a gift or obtained more than two years before this date.

Land Size

If the land financed by the mortgage loan is subject to a minimum zoning requirement, I (we) certify that the land is not large enough to legally build two or more houses. If the land financed by the mortgage loan is subject to a minimum lot size of more than ½ acre, but less than 1½ acres. I (We) certify that the land is not more than 1½ acres. If the land financed by the mortgage loan is subject to a minimum lot size of 1½ acres or more, I (we) certify that the size of the land is not more than the minimum lot size. If the land financed by the mortgage loan is not subject to a minimum lot size, I (we) certify that the land is not in excess of 1½ acres.

Prior Use of House

If the above-referenced house is a newly constructed home, with the higher limits for income, purchase price and mortgage, I (we) hereby certify that the above-referenced house has not been occupied prior to loan commitment.

FALSE STATEMENTS AND CRIMINAL PENALTIES

The undersigned acknowledges that if any person, with an intent to defraud or cheat, designedly by false pretense, including any false statement or misrepresentation, obtains money, real or personal property, or the use of any instrument, facility, article or other valuable thing or service pursuant to his/her participation in any Michigan State Housing Development Authority program shall be guilty of a crime. Such person may be guilty of either a misdemeanor or a felony, punishable by imprisonment for not more than 10 years or a fine or both, all as set forth in Section 47 of Act No. 346 of the Public Acts of 1966, as amended (MCL 125. 1447).

Dated: _____ Signature of Seller(s) _____

Subscribed and sworn to before me this _____ day of _____

Notary Public in and for the
County of
State of Michigan
My Commission Expires:

**INFORMATIONAL REPORTING AFFIDAVIT
SFH 147**

Michigan Department of Labor and Economic Growth
Michigan State Housing Development Authority
Single Family
P.O. Box 30044
Lansing, MI 48909

**THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS LEGAL AFFIDAVIT;
READ IT CAREFULLY BEFORE SIGNING.**

**INFORMATIONAL REPORTING AFFIDAVIT
(Submitted With Loan Closing)**

The Michigan State Housing Development Authority is required by state and federal law to obtain certain information about the families who receive, from the Authority, loan which are financed with tax-exempt bonds.

STATE OF MICHIGAN }
COUNTY OF } ss:

I (We) the undersigned, being first duly sworn, state the following:

PRIOR HOMEOWNERSHIP INTEREST

A. I (We) certify that I (we): (Check the applicable box)

☐ have ☐ have not
had an ownership interest in a principal residence within the past three years as of this date. More specifically, I (we): (Check the applicable box)

☐ have ☐ have not
occupied as a principal residence and owned a single family home, a multi-family home, a mobile home permanently affixed to real property, a condominium or a unit in a housing cooperative within the preceding three years. For these purposes, owned means ownership by any means, whether outright or partial, including property subject to a mortgage or other security interest. Owned also means a fee simple ownership interest, joint ownership by means of a joint tenancy, tenancy in common, or tenancy by the entirety, and ownership interest in trust, a life estate interest, and purchase by land contract.

B. I (We) certify that I (we): (Check the applicable box)

☐ have ☐ have not
had a prior ownership interest in any residence. For purposes of the preceding sentence, a prior ownership interest in a mobile home shall not be considered an ownership interest in a residence; however, if I (we) have owned (as defined in Section A, above) any residence, at any time, whether or not it was my (our) principal residence, that shall be considered an ownership interest.

RELEASE OF INFORMATION

I grant to the Michigan State Housing Development Authority permission to disclose to the U.S. Treasury Department any information on this form and my (our) loan application and closing documents.

FALSE STATEMENTS AND CRIMINAL PENALTIES

I(we) acknowledge that any false pretense, false statement, misrepresentation or material misstatement made by me(us) creates a legal and binding obligation for me(us) to make full repayment of the mortgage loan, and the lender can foreclose the mortgage to enforce the obligation. In addition, I(we) acknowledge that if any person, with an intent to defraud or cheat, designedly by false pretense, including any false statement or misrepresentation, obtains money, real or personal property, or the use of any instrument, facility, article or other valuable thing or service pursuant to my(our) participation in any Michigan State Housing Development Authority program, shall be guilty of a crime. Such person may be guilty of either a misdemeanor or a felony, punishable by imprisonment for not more than 10 years or a fine or both, all as set forth in Section 47 of Act No. 346 of the Public Acts of 1966, as amended (MCL 125.1447).

Dated: _____

Signature of Borrower(s): _____

Subscribed and sworn to before me this _____ day of _____ .

Notary Public in and for the
County of
State of Michigan
My Commission Expires:

RECAPTURE NOTIFICATION
SFH 125

Michigan Department of Labor and Economic Growth
Michigan State Housing Development Authority
Single Family
P.O. Box 30044
Lansing, MI 48909

RECAPTURE NOTIFICATION

If you receive a mortgage loan with a below-market interest rate based on the sale of tax-exempt mortgage revenue bonds ("MRB s") and your mortgage loan closes **after** December 31, 1990, the Internal Revenue Code provides that you may be required to pay a "recapture" amount upon the sale or disposition of your interest in the home you purchased with an MRB-assisted loan. The term "sale or disposition" generally means any sale, gift or other transfer of your interest in your home. (However, it does not include transfers by reason of death, or conveyances from one spouse to another, such as in a divorce, or at the time of marriage.) Upon the sale or disposition of your interest in your home, you may be required to pay a recapture penalty to the IRS on your federal income tax return for the year the sale or disposition occurs. This provision applies to any sale or disposition of your home within nine (9) years of the date your mortgage loan closes. The recapture tax (i) will increase during the first five (5) years after mortgage loan closing, with full "recapture" occurring if the sale or disposition occurs during the fifth year following the date of mortgage loan closing and (ii) will decrease ratably to zero with respect to a sale or disposition occurring in years six (6) through nine (9). The recapture tax may not exceed 50 percent of the gain you realize by the sale or disposition. You will not have to pay part or all of the recapture tax if your income, at the time of the sale or disposition, is less than a prescribed income limit. The information you will need to compute the recapture tax will be provided to you at or after the time you close your mortgage loan.

The undersigned hereby acknowledge that we have read the above Recapture Notification.

Date: _____

Applicant

Applicant

**RECAPTURE REQUIREMENT
SFH 126**

Michigan Department of Labor and Economic Growth
Michigan State Housing Development Authority
Single Family
P.O. Box 30044
Lansing, MI 48909

RECAPTURE REQUIREMENT

Because you received a Mortgage Loan with a below-market interest rate based on the sale of tax-exempt mortgage revenue bonds ("MRB s"), you may be subject to a "recapture" requirement upon the sale or disposition of your interest in your home. The term "sale or disposition" generally means the sale, gift or other transfer of your interest in your home. (However, it does not include transfers by reason of death, or conveyances from one spouse to another, or to a former spouse in the event of a divorce.) For all MRB -assisted mortgage loans closed after December 31, 1990, the Internal Revenue Code provides that you may be required to pay to the federal government a certain amount upon the sale or disposition of your interest in your home. This "recapture tax" must be included with your federal income tax return for the year the sale or disposition occurs. This provision applies to any sale or disposition of your home within nine (9) years of the date you closed on your mortgage loan. The recapture tax will (i) increase during the first five years of ownership with full recapture occurring if the sale or disposition occurs during the fifth year following the date of mortgage loan closing and (ii) decrease ratably to zero with respect to a sale or disposition occurring in years six (6) through nine (9). The recapture tax will not exceed 50 percent of the gain you realize by the sale or disposition. The amount of recapture tax that you may have to pay will be based in part on your income at the time of sale or disposition. (See "INCOME PERCENTAGE" below.)

Listed below is the federally subsidized amount of your loan, the holding period percentages and the income limits for each category of family size for each year of the nine (9) year recapture period. These are numbers you will need to complete the IRS Recapture Form to include with your federal income tax return for the year of the sale or disposition of your interest in your home. The responsibility to compute and pay this recapture tax is yours, and you will receive no further notification from MSHDA with respect to this requirement.

FEDERALLY SUBSIDIZED AMOUNT

The federally subsidized amount for your MRB-assisted mortgage loan is \$ _____, which is 6.25% of the maximum principal loan amount for which you are liable. **PLEASE NOTE:** The federally subsidized amount is not necessarily the recapture tax, which you might be liable to pay.

To determine the recapture tax for any given year, multiply your federally subsidized amount by the applicable holding period percentage, then multiply that result by the income percentage (see charts below).

CALCULATION OF HOLDING PERIOD PERCENTAGE

If: Sale or disposition occurs during the following **then:** the holding period percentage is:

years after mortgage loan closing,	
During the first year.....	20%
During the second year.....	40%
During the third year.....	60%
During the fourth year.....	80%
During the fifth year.....	100%
During the sixth year.....	80%
During the seventh year.....	60%
During the eighth year.....	40%
During the ninth year.....	20%

If there have been nine (9) full years or more between the loan closing and the sale or disposition, you will not have to pay any recapture tax. The recapture tax is limited to 50% of the gain realized on the sale or disposition.

Once you have multiplied the federally subsidized amount by the holding period percentage, you must then determine your income percentage as set forth below.

INCOME PERCENTAGE

The recapture tax you may owe will be reduced based on how your modified adjusted gross income ("MAGI", defined as your adjusted gross income as shown on IRS Form 1040 plus tax-exempt interest you earned and less gain on the sale or disposition of the residence) at the time of sale or disposition of your interest in your home compares with the limits set forth in the following chart.

If your family size on the date of the sale or disposition of your interest in your home is one (1) or two (2), use the chart below:

No. of full years between mortgage loan closing and the sale or disposition of your interest.	No recapture tax if MAGI is at or below the following federal income limit.
Prior to first full year.....	\$
1 Year.....	\$
2 Years.....	\$
3 Years.....	\$
4 Years.....	\$
5 Years.....	\$
6 Years.....	\$
7 Years.....	\$
8 Years.....	\$
9 Years.....	No recapture tax

If your MAGI exceeds the limit in column 2, you are liable for **some** recapture tax. If your income exceeds the amount indicated, subtract the amount in column 2 from your MAGI, then divide that amount by 5,000. Round the result to the nearest whole percentage point. If the result contains less than one half of a percentage point, round down. If the result contains more than one half of a percentage point, round up. The result is your income percentage.

If your family size on the date of the sale or disposition of your interest is three (3) or more, use the chart below:

No. of full years between mortgage loan closing below and the sale or disposition of your interest.	No recapture tax if MAGI is at or below the following federal income limit.
Prior to first full year.....	\$
1 Year.....	\$
2 Years.....	\$
3 Years.....	\$
4 Years.....	\$
5 Years.....	\$
6 Years.....	\$
7 Years.....	\$
8 Years.....	\$
9 Years.....	No recapture tax

If your MAGI exceeds the limit in column 2, you are liable for **some** recapture tax. If your income exceeds the amount indicated, subtract the amount in column 2 from your MAGI, then divide that amount by 5,000. Round the result to the nearest whole percentage point. If the result contains less than one half of a percentage point, round down. If the result contains more than one half of a percentage point, round up. The result is your income percentage.

CALCULATING RECAPTURE TAX

Multiply the federally subsidized amount by the holding period percentage, then multiply the result by the income percentage. The actual recapture tax will be the lesser of the amount determined by this calculation or 50 percent of the gain realized on the sale or disposition.

Please consult a tax advisor or the IRS on computation of gain and the recapture tax under Internal Revenue Code section 143(m), and for details or if you have further questions.

PLEASE NOTE: If you dispose of your interest in your home purchased with the MRB-assisted mortgage loan within nine (9) years of the mortgage loan closing date, you have the responsibility of computing and paying any amount due to the IRS.

By signing below, we acknowledge having received a copy of this Recapture Notification on the date indicated.

Dated: _____

(Applicant)

(Applicant)

LEAD –BASED PAINT DISCLOSURE

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

Lead Warning Statement

Every purchaser of an interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) _____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

(ii) _____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) _____ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

(ii) _____ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgement (initial)

(c) _____ Purchaser has received copies of all information listed above.

(d) _____ Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.

(e) Purchaser has (check (i) or (ii) below):

(i) _____ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii) _____ waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

(f) _____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Seller	_____ Date	_____ Seller	_____ Date
_____ Purchaser	_____ Date	_____ Purchaser	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date

EQUAL CREDIT OPPORTUNITY ACT NOTICE

Facts for Consumers

Equal Credit Opportunity

Credit is used by millions of consumers to finance an education or a house, remodel a home, or get a small business loan.

The Equal Credit Opportunity Act (ECOA) ensures that all consumers are given an equal chance to obtain credit. This doesn't mean all consumers who apply for credit get it: Factors such as income, expenses, debt, and credit history are considerations for creditworthiness.

The law protects you when you deal with any creditor who regularly extends credit, including banks, small loan and finance companies, retail and department stores, credit card companies, and credit unions. Anyone involved in granting credit, such as real estate brokers who arrange financing, is covered by the law. Businesses applying for credit also are protected by the law.

When You Apply For Credit, A Creditor May Not...

- Discourage you from applying because of your sex, marital status, age, race, national origin, or because you receive public assistance income.
- Ask you to reveal your sex, race, national origin, or religion. A creditor may ask you to voluntarily disclose this information (except for religion) if you're applying for a real estate loan. This information helps federal agencies enforce anti-discrimination laws. You may be asked about your residence or immigration status.
- Ask if you're widowed or divorced. When permitted to ask marital status, a creditor may only use the terms: married, unmarried, or separated.
- Ask about your marital status if you're applying for a separate, unsecured account. A creditor may ask you to provide this information if you live in "community property" states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington. A creditor in any state may ask for this information if you apply for a joint account or one secured by property.
- Request information about your spouse, except when your spouse is applying with you; your spouse will be allowed to use the account; you are relying on your spouse's income or on alimony or child support income from a former spouse; or if you reside in a community property state.
- Inquire about your plans for having or raising children.
- Ask if you receive alimony, child support, or separate maintenance payments, unless you're first told that you don't have to provide this information if you won't rely on these payments to get credit. A creditor may ask if you have to pay alimony, child support, or separate maintenance payments.

When Deciding To Give You Credit, A Creditor May Not...

- Consider your sex, marital status, race, national origin, or religion.
- Consider whether you have a telephone listing in your name. A creditor may consider whether you have a phone.
- Consider the race of people in the neighborhood where you want to buy, refinance or improve a house with borrowed money.
- Consider your age, unless:
 - you're too young to sign contracts, generally younger than 18 years of age;
 - you're 62 or older, and the creditor will favor you because of your age;
 - it's used to determine the meaning of other factors important to creditworthiness. For example, a creditor could use your age to determine if your income might drop because you're about to retire;
 - it's used in a valid scoring system that favors applicants age 62 and older. A credit-scoring system assigns points to answers you provide to credit application questions. For example, your length of employment might be scored differently depending on your age.

When Evaluating Your Income, A Creditor May Not...

- Refuse to consider public assistance income the same way as other income.
- Discount income because of your sex or marital status. For example, a creditor cannot count a man's salary at 100 percent and a woman's at 75 percent. A creditor may not assume a woman of childbearing age will stop working to raise children.
- Discount or refuse to consider income because it comes from part-time employment or pension, annuity, or retirement benefits programs.
- Refuse to consider regular alimony, child support, or separate maintenance payments. A creditor may ask you to prove you have received this income consistently.

You Also Have The Right To...

- Have credit in your birth name (Mary Smith), your first and your spouse's last name (Mary Jones), or your first name and a combined last name (Mary Smith-Jones).
- Get credit without a cosigner, if you meet the creditor's standards.
- Have a cosigner other than your husband or wife, if one is necessary.
- Keep your own accounts after you change your name, marital status, reach a certain age, or retire, unless the creditor has evidence that you're not willing or able to pay.
- Know whether your application was accepted or rejected within 30 days of filing a complete application.
- Know why your application was rejected. The creditor must give you a notice that tells you either the specific reasons for your rejection or your right to learn the reasons if you ask within 60 days.
- Acceptable reasons include: "Your income was low," or "You haven't been employed long enough." Unacceptable reasons are: "You didn't meet our minimum standards," or "You didn't receive enough points on our credit-scoring system." Indefinite and vague reasons are illegal, so ask the creditor to be specific.
- Find out why you were offered less favorable terms than you applied for—unless you accept the terms. Ask for details. Examples of less favorable terms include higher finance charges or less money than you requested.
- Find out why your account was closed or why the terms of the account were made less favorable unless the account was inactive or delinquent.

A Special Note To Women

A good credit history—a record of how you paid past bills—often is necessary to get credit. Unfortunately, this hurts many married, separated, divorced, and widowed women. There are two common reasons women don't have credit histories in their own names: they lost their credit histories when they married and changed their names; or creditors reported accounts shared by married couples in the husband's name only.

If you're married, divorced, separated, or widowed, contact your local credit bureau(s) to make sure all relevant information is in a file under your own name.

If You Suspect Discrimination...

- Complain to the creditor. Make it known you're aware of the law. The creditor may find an error or reverse the decision.
- Check with your state Attorney General to see if the creditor violated state equal credit opportunity laws. Your state may decide to prosecute the creditor.
- Bring a case in federal district court. If you win, you can recover damages, including punitive damages. You also can obtain compensation for attorney's fees and court costs. An attorney can advise you on how to proceed.
- Join with others and file a class action suit. You may recover punitive damages for the group of up to \$500,000 or one percent of the creditor's net worth, whichever is less.
- Report violations to the appropriate government agency. If you're denied credit, the creditor must give you the name and address of the agency to contact. While some of these agencies don't resolve individual complaints, the information you provide helps them decide which companies to investigate. A list of agencies follows.

If a retail store, department store, small loan and finance company, mortgage company, oil company, public utility, state credit union, government lending program, or travel and expense credit card company is involved, contact:

Consumer Response Center
Federal Trade Commission
Washington, DC 20580.

The FTC cannot intervene in individual disputes, but the information you provide may indicate a pattern of possible law violations that require action by the Commission.

Complaints against all kinds of creditors can be referred to:

Department of Justice
Civil Rights Division
Washington, DC 20530

For More Information

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a [complaint](#) or to get [free information on consumer issues](#), visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into [Consumer Sentinel](#), a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

The following parties acknowledge receiving a copy of this Notice.

_____	_____	_____	_____
Purchaser	Date	Purchaser	Date

CERTIFICATION REGARDING DEBARMENT

DATE:
BORROWER:
CASE #:
LOAN #:
PROPERTY ADDRESS:

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR Part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency with which this transaction originated.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposes for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Signature(s)	Date
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Signature(s)	Date
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Instructions for Certification

1. By signing and submitting this form, the prospective lower tier participant is providing the certification set out on the reverse side in accordance with these instructions.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspensions and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms “covered transaction”, “debarred”, “suspended”, “ineligible”, “lower tier covered transaction”, “participant”, “person”, “primary covered transaction”, “principal”, “proposal”, and “voluntarily excluded”, as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this form that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this form that it will include this clause titled “Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions”, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.